



Social Policy Needed Now

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- *After 1989 social policy, has, to a great extent, played the role of a “safety valve” for economic reforms, focusing on protective activities. After more than a decade of transformation Poland has found itself at a turning point. It is no longer possible to apply traditional social solutions. It is now necessary to re-focus on programmes that will require support beneficiaries to be more active.*
- *The level of economic activity in Poland is the lowest in the EU. Only about half of the adult population is actually working. The migration of young Poles is only an illusory solution to unemployment. The fact that young well qualified people are leaving the country only increases the imbalance on the labour market and distorts the social structure (because of labour migration Polish society is ageing even faster).*
- *Our way of thinking about social policy must change. What we need is a pro-active social policy that traverses traditional ideological divisions. Today we need to combine solidarity with liberalism. In other words, we must look for solutions that will strengthen the social bonds in a way which will not violate the basic market economy mechanisms.*
- *Solutions that have been successfully applied in some EU Member States and which could be transferred to the Polish context include so-called flexicurity. This makes social protection more flexible, develops social entrepreneurship, promotes family policy instruments (which would make it easier for parents to reconcile family and work obligations), and extends the economic activity period.*

The division into “a liberal Poland and a solidarity-oriented Poland” constituted the main axis of programme disputes during the election campaign in 2005. At that time some commentators were already pointing out the fact that since communism had been rejected and the idea of the welfare state had been turning obsolete such opposition was a false one. Today we need to combine solidarity with liberalism. In other words, we must look for solutions that will strengthen the social bonds in a way which will not run contrary to the basic market economy mechanisms.

And still, the government formed by the PiS (the Law and Justice party), which won the elections under the flag of a “solidarity-oriented Poland”, has not presented any coherent social policy concept. The PiS has given up the Ministry of Labour and Social Policy to their coalition partner Samoobrona, treating it as an almost marginal department. And Samoobrona cannot understand the challenges of social policy. It hides the lack of a concept and a shortage of an expert base behind the slogans of social giveaway (such as a social minimum for everyone).

It may be that the past few weeks have seen a harbinger of change. Two recently published documents seem to indicate this change, both of which were developed by the PiS, “on the side” so to speak, independently of its coalition partners. The first one is the Pro-Family Policy Programme presented by a Deputy Minister of Labour and Social Policy Joanna Kluzik-Rostkowska, focusing mainly on making it possible for women to combine their family and work obligations. The other one is a draft law on the principles of conducting social policy, which was submitted to the Sejm Speaker by the PiS group of deputies.

The draft attempts to encourage social services to adopt an attitude of making social support beneficiaries more active. Both documents touch upon important challenges that Poland is facing. Neither embroils their proponents into partisan disputes, which are less and less understandable for the public. On the contrary, they provide space for badly needed public debate.

After more than a decade of system transformation, Poland has come to a turning point. The country is facing two fundamental social challenges for which it must become ready as soon as possible. It is no longer viable to stick to traditional social solutions. We need social policy now, and we need a new social policy which is not a continuation of the way of thinking and of the activities implemented in the 1990s. Poland needs a pro-active and stimulating social policy.

After Poland regained independence, the decision makers were introducing market reforms and they worried about social unrest related to growing unemployment and economic differences. Social policy was given the role of a “safety valve” for economic reforms. It was therefore focusing on protective activities. The losers were expected to accept a life without work, leaving the market in order to give way to others – all that in return for “social compensation”. It was easy to retire earlier and to receive incapacity or welfare benefits. It was also assumed that the restructured market itself would absorb the excess labour force, which would solve the unemployment problem. However, that has not happened. Unemployment has been falling slowly and Poland is facing some other fundamental challenges as well. Here are some of them.

The lowest level of economic activity in Europe

Poland has the lowest level of economic activity in the European Union. According to official statistics, out of ten adult Poles, four are working, one is looking for work, and five are neither working nor looking for

work (some may be working in the “grey economy”). The level of unemployment among young people is astounding, until recently reaching 40%. It has now started to fall because young people are going abroad. In the case of

disabled youth, the situation is alarming: only every fifth young disabled Pole up to 24 years of age is working or is looking for work. In the European Union it is assumed that the level of economic activity of the population should reach

at least 60%, and for the population of the disabled – 40%. The differences, to the disadvantage of Poland, are therefore significant.

Polish society is ageing, the number of children is falling

The next challenge is of a demographic nature. Polish society is ageing. The percentage of elderly people in the population structure is growing fast. What is more, the fertility rate has fallen to the lowest level in Europe. What we need are systemic solutions: a pro-family taxation system, flexible labour market solutions that would make it easier for both parents to reconcile their

professional and family duties and an infrastructure of family support. The ageing of the society is a threat to the social insurance system. These challenges require co-ordination between the activities of welfare services, health care and labour policy. Such coordination does not exist and social policy, exactly as it was 20 years ago, is implemented by a patchwork of institutional fiefdoms.

Leaving Poland

We have not managed to develop a plan how to stop the fall of the fertility rate, and at the same time we are unable to make use of the last wave of population increase, i.e. the young people who are just completing their education. Both a population decline and increase seem to be a problem for us. If it is not one thing, it is another. All this reveals the lack of strategic thinking and inability to develop long-term

programmes. We are not able to anticipate events, and we are not capable of responding to them properly either.

The labour migration of young Poles only apparently solves the unemployment problem, and “on the way” it distorts the population structure even more. The Polish economy needs young, well skilled, well educated Poles. And yet, we are not thinking of how we can encourage them to return.

Towards a pro-active social policy

It is necessary to change the way we think about social policy. Instead of a social security giveaway, we need a pro-active social policy. It is the foundation of social reforms currently being implemented in Europe. Activation programmes find support both among welfare state advocates and their opponents.

A pro-active social policy does not mean one social mega-programme, but a set of various ideas with two common basic features. First, the support of the state is of a stimulating nature and

is oriented towards making beneficiaries self-reliant. The point is to increase their participation in the life of the society. Second, flexible solutions are preferred, implemented in co-operation with the local government and non-governmental organisations. Twenty-first century Europe is moving away from inflexible, rigid social solutions.

Here are a few examples that have been successfully applied in recent years by some EU Member States, which could be transferred to the Polish context.

1. Flexible social protection (so-called *flexicurity*). This proposal assumes making working conditions more flexible, while at the same time covering the “non-typical” workers with a similar social security level as people employed full time on the basis of a long-term employment contract. This includes flexible working time, part-time work, job sharing, self-employment, telecommuting and a number of other options. An important point is that flexibility should not be associated with cutting labour costs, that is something that benefits only one side, but rather with better work organisation, beneficial both for the employer and the employee. Then, for the latter, it will be easier to combine family and professional duties or work in spite of the reduced capabilities (on account of age, disability or illness). It is assumed that all those interested should be able to use these flexible solutions. In such a situation nobody is “branded” as working in exceptional employment conditions.

2. Social economics. Social policy should favour the development of social entrepreneurship. In many European countries social enterprises, social co-operatives and non-governmental organisations create jobs for people who are marginalised on the labour market. What those various business enterprises have in common is that they do not aim at maximising their profit, which allows them to employ disadvantaged, elderly or disabled people. Social enterprises are of a community nature, which makes it easier for their employees to avoid isolation. In other words, social entrepreneurship is social re-integration through work. In Poland, such initiatives are undertaken but they lack structural support. It is hard to obtain a loan and difficult to stay on the market. However, in Italy, France, Spain, Denmark or Finland, social entrepreneurship is an important sector of the economy, and social enterprises are a collective employer with a significant position on the market.

There is an important role to be played by social services in promoting entrepreneurial attitudes. The authors of the draft law on the principles of

conducting social policy have realised that. They assume, among other things, that within the structure of the Welfare Centres (Ośrodki Pomocy Społecznej) special Activation and Social Work Units will be created. Thus, the Welfare Centres, apart from their routine activities related to benefit paying and providing in-kind assistance, will be able to carry out activities that stimulate local communities. That will not be easy. It is easier to pass a law or found an institution than to change the well-established activity patterns.

3. Extending the economic activity period.

Poles should not end their economic activity so quickly, which is in most cases even before reaching the age of 60. How can that be changed? One of the possible solutions is to make the retirement age equal for men and women, which is in line with the prevailing tendency in developed countries. We would also like to suggest another solution, which only seems to be quite opposite: making the concept of the retirement age itself more flexible. If the retirement age were not rigidly set by the law and if acquiring retirement rights were related to gathering appropriate retirement capital, the workers themselves could decide whether they find the level of income secured for their retirement satisfactory or not. Such a solution would prevent pushing the people who have reached the statutory retirement age out of the labour market. In any event, the point is to encourage Poles to extend and not to reduce their economic activity period. We are now paying a high price for using the policy of giving away early retirement rights as a method of fighting unemployment. This price is not only the deficit of the Social Insurance Fund but also a great number of people who, even though still fit, remain on the margins of social life.

4. Pro-family policy, encouraging couples to have children and to combine family obligations with professional activity. A general system solution should not only include the already mentioned “flexible social protection” in the workplace, but also

a pro-family tax system and a well-developed, easily accessible family support infrastructure, including kindergartens, family counselling, care and nursing services.

It is in this direction that the government family policy programme presented by Minister Joanna Kluzik-Rostkowska is going. However, this document is of a highly declarative nature and contains proposals whose value is not the same. Apart from some specific beneficial solutions, such as a tax free allowance assigned for each child raised in the family or some well defined ideas on flexible work organisation for people with small children, there are also suggestions, which are quite relevant, yet rather vague. For instance, there are proposals to increase support for families in rural areas or to change the way in which local family support centres operate. The question about the future of

this programme also remains open as does the question about the political will of the ruling coalition to implement the proposed changes.

It seems paradoxical that seventeen years ago Poland was facing some fundamental economic challenges and has managed to overcome them. Today we are facing some fundamental social challenges and the government of the solidarity-oriented Poland is not making the country ready to tackle them. The recent party convention of the Law and Justice party and the two documents mentioned earlier may indicate that the leaders of the PiS have finally realised that. What we need now is a Plan for Active Poland— i.e. a Poland that is neither social nor liberal but active in many areas of life, including the social and political ones.

This text has been simultaneously published in the weekly *Polityka*.

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Analyses & Opinions

No 73, May 2007

The Institute of Public Affairs has initiated the publication of a series of policy briefs entitled ANALYSES & OPINIONS. By publishing short papers on topics important to Poland and Europe we wish to enhance even further our involvement in the Polish and European debate. We wish to point at problems that are significant but hitherto often invisible and recommend specific policy solutions. The thematic range of the publications encompasses all areas of the Institute's interest – European integration, public opinion, social policy, education, legal, constitutional and systemic issues, as well as matters associated with public administration, migration, and eastern policy.

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